

COMMONWEALTH OF VIRGINIA

Emergency Operations Plan



Financial Management

Volume II

Support Annex 4

Virginia Department of Emergency Management

September 2007

FINANCIAL MANAGEMENT

A. Purpose

1. The Financial Management Support Annex provides basic financial management guidance for all participants in the Commonwealth of Virginia Emergency Operations Plan (COVEOP) activities. This includes guidance for all agencies providing assistance in response to major disasters or emergencies declared by Governor. The financial management function is a sub-set of the Financial and Administration component of the VERT Emergency Support Function (ESF) # 5 – Emergency Management.
2. The processes and procedures described in this annex ensure that funds are provided expeditiously and that financial operations are conducted in accordance with established state law, policies, regulations, and standards.

B. Scope

1. As an extension of the Governor's powers and delegated authority to key individuals and select agencies, and as directed by Executive Order in the declaration of emergency or disaster, this annex is applicable to all state agencies and other assigned organizations and entities participating and responding under the COVEOP with assistance or relief as coordinated by the Virginia Department of Emergency Management (VDEM).
2. This annex shall apply to financial management for all activities related to specific emergencies or disasters, including activities for response, recovery and post-disaster mitigation.

C. Mission

The overall mission of the Financial Management Support Annex is to establish procedures necessary to meet the financial assistance and reporting obligations assigned to VDEM upon the Governor's Emergency Declaration and/or the President's Disaster Declaration. This mission is accomplished in two ways:

1. By the establishment of procedures necessary to meet the requirements placed on state and local governments by OMB A-102, *Grants and Cooperative Agreements with State and Local Governments* (revised) and OMB A-87, *Cost Principles for State, Local, and Indian Tribal Governments* (revised); and
2. Establishment and documentation of procedures necessary to meet the procedural requirements placed on VDEM by the agencies of the Commonwealth, including, but not limited to the Department of Accounts (DOA), Department of Planning and Budget (DPB), Department of General Services – Division of Purchases and Supply (DGS/DPS), and Department of Human Resources Management (DHRM).

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D. Concept of Operations

1. General

The magnitude of a disaster will dictate the extent of financial management involvement and the level of funding requirements. The Finance Division shall provide any assistance or available information needed to prepare a cost projection analysis for each disaster to determine anticipated funding needs.

The process or sequence of events for expending funds for a disaster is as follows:

- a. Disaster threatens: When there is the threat of a disaster and the VEOC goes to “Increased Readiness” status, all VDEM staff persons are placed on stand-by. The Governor may declare a “state of emergency” to exist before a threatened event occurs to enable state agencies to mobilize resources. The Finance Division begins monitoring costs at this point.
- b. Event occurs: VEOC coordinates response activities, and the Finance Division continues monitoring costs associated with response activities.
- c. Governor declares a state of emergency to exist for locality(ies) impacted and in need of assistance. The initial declaration may be given verbally with documentation to follow.
- d. Finance Division requests Department of Accounts (DOA) to establish a new disaster project code in the Commonwealth Accounting Reporting System (CARS). Disaster project codes are used consecutively. The Finance Division will issue an agency-wide email specifying the assigned project code and related fund coding to be used for expenditure approval. Approval for disaster-related expenditures is generally restricted to those individuals in positions of State Coordinator and the Deputy State Coordinators.
- e. Based on initial damage assessments, VDEM Chief Financial Officer (CFO) will coordinate the accumulation of financial data from internal sources in order to prepare a cost estimate of statewide damage and anticipated financial support needed from the Commonwealth. This information is gathered, an agency brief is prepared, and forwarded to the Department of Planning and Budget (DPB) for preparation of the decision brief. The decision brief is then presented to the Governor’s Office for approval.
- f. If the decision brief is approved, sum sufficient funds are allocated to the disaster.
- g. If the disaster receives a federal declaration, the additional information pertaining to federal support is sent through the same channels (including A.5 and A.6 above) as the decision brief information.
- h. In a major disaster declared by the president, the Governor must sign a federal-state agreement that designates a Governor’s Authorized Representative (GAR) and alternates. The GAR and alternates must approve disaster expenditures. The State Coordinating Officer (SCO) is the GAR; Deputy SCOs are alternate GARs.

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2. Specific

a. Staffing Organization

- The staff of the VDEM Finance Division will be made available, as needed, to meet the needs of VDEM in fulfilling its responsibilities during disaster operations. The Chief Financial Officer (CFO) will determine which staff shall be temporarily reassigned to the VEOC and/or Joint Field Office (JFO) and which duties will be assumed by remaining staff. The CFO will also determine the rotation schedule of the VEOC/JFO staffing and request authorization of overtime as needed at VDEM Trade Court Facility (TCF).
- In accordance with the Code of Virginia, the State Coordinator may contract or hire additional personnel to meet the requirements placed on VDEM during a disaster. The CFO will ensure the training and instruction of the reservist(s) and/or temporary fiscal staff assigned to fiscal duties.
- Finance Division staff remaining at TCF shall continue with the normal course of duties, making necessary adjustments in priorities and daily work schedules to accommodate increased workloads and additional duties related to disaster activities.
- The CFO shall redirect duties as needed to insure the performance of duties typically assigned to Finance Division employees deployed to the VEOC/JFO. Additionally, the CFO shall make work assignments for any reservists or temporary fiscal staff brought in to assist with disaster-related financial activities.
- All employees in the Finance Division are subject to deployment through the Virginia Emergency Response Team (VERT) to assist other areas in response and recovery activities.

b. Budgeting Processes and Procedures

- When the Governor declares a state of emergency, several processes are required and put in place to monitor disaster awards, appropriations and cash balances to effect proper transfer of funds, and to track revenues and expenditures for that disaster. The same processes and procedures are required for a federally-declared disaster.
- During both the response and recovery periods, budgeting processes and procedures are managed by the VERT Finance & Administration Section Chiefs.

c. Internal Cost Center Budget

- The Budget Manager contacts the Department of Accounts (DOA) to request a disaster project code.

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- DOA sets up the project code in Commonwealth Accounting and Reporting System (CARS) and notifies the Budget Manager of the new code.
 - The Budget Manager sets up the project code in the VDEM Invoice Tracker Database, updates the Agency's Chart of Accounts, and notifies all VDEM staff of the project code to be used to report expenditures for that disaster.
- d. External Budget
- Pursuant to the Code of Virginia, Section § 44-146.28, the Governor of Virginia is authorized to expend funds from the state treasury a sum sufficient amount to carry out disaster-related activities. The Department of Planning and Budget (DPB) is responsible to identify and access alternative funding sources to ensure the availability of adequate funds in the sum sufficient account.
 - The Budget Manager prepares an agency Decision Brief and sends it to DPB. The brief provides background information related to the occurrence of the specific disaster and providing a preliminary estimate of funding requirements by fund source.
 - Based upon the data submitted by VDEM, DPB prepares a Decision Brief for the Governor, requesting authorization of a specific dollar amount of State Sum Sufficient funds to VDEM for disaster-related activities. The Decision Brief is forwarded for approval to the Secretary of Public Safety, the Secretary of Finance, and the Governor of Virginia. The Decision Brief is approved, approved with modifications, or denied.
 - Upon approval of the Decision Brief by the Governor, DPB prepares and maintains a spreadsheet to track authorization and appropriations.
 - Upon receipt of the approved Governor's Decision Brief, the Budget Manager prepares a Form 27 Automated Transaction System (FATS) request to DPB to appropriate and allot state sum sufficient funds, not to exceed the authorized amount, on an as needed basis.
 - The Budget Manager will process FATS requests to DPB to transfer appropriation/allotment amounts based upon receipt of Interagency Transfer Vouchers (IATs) from responsible state agencies for reimbursement of approved disaster-related costs for damages and mission assignments. The CFO will review and approve the VDEM side of all FATS requests.
 - DPB will review all FATS requests and, if approved, DOA will make appropriation and allotment or cash balances available in CARS within three (3) workdays.
 - The Budget Manager will monitor disaster appropriations, allotments, and/or cash balances daily and work closely with the Grants Accountant and Accounts Payable Supervisor to ensure adequate balances are available to meet all payment requirements.

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- The Budget Manager will compare expenditure/transfer amounts to disaster authorization amounts, by disaster, to ensure that authorizations are sufficient for payment needs and to ensure that authorizations are not exceeded or overspent.
 - The Budget Manager will request additional authority on an as-needed basis following procedures outlined above in B4b through B4g.
 - The Budget Manager will continue to monitor authorization, appropriations, and allotment balances until a disaster is closed to ensure adequacy of available funding and to ensure that appropriations are not overspent.
 - The Budget Manager will coordinate with the DPB Budget Analyst on a periodic basis to review authorization and appropriation amounts by disaster to determine if excess appropriation should be returned to DPB.
- e. Procurement Processes and Procedures
- During VERT activation periods, procurement functions are managed by the Finance/Administration Section Chiefs, the Finance and Administration Deputy Section Chiefs, and the Finance Unit Leader.
 - The state has policies and procedures to be used in procuring goods and services during emergency and disaster operations and situations. See Code of Virginia, Section §2.2-4303, E. and F. These emergency procurement procedures are utilized only when absolutely necessary.
 - Disaster Standby Contracts may be established during non-emergency periods, and maintained to enable prompt identification and procurement of available resources for use during emergency situations.
 - The Department of General Services/Division of Purchases and Supply (DGS/DPS) provides onsite staffing of procurement at the Virginia Emergency Operations Center to initiate procurements in support of (1) emergency requirements through the issuance of “spot buys” and (2) for the placement of orders against standing contracts.
 - DGS/DPS provides logistical support for emergency/disaster needs through the Virginia Distribution Center warehouse and by providing equipment support from Surplus Property assets.

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